

Subsidies vanish into thin air

By Rep. Ernest Istook

Oklahoma has always strived to improve our state's air service. Unfortunately, it's not easy, and it's not just a matter of money.

The most prominent effort was Braniff Airways, founded in 1930 in Oklahoma City by Thomas E. Braniff. Ultimately, though, its headquarters moved to Dallas and it foundered in the late 1960s. Our recent experience with now bankrupt Great Plains Airlines was distasteful. Its financial structure guaranteed failure, because \$40 million in subsidies from state taxpayers represented almost 90 percent of its total financing. Great Plains' inability to attract significant private investment assured its doom, and state lawmakers should have paid attention to that enormous imbalance between public and private dollars. (The airline also tried hard to get additional federal financial help, but was turned down.)

Aviation success requires more than taxpayer subsidies.

A recent aspect is the struggle of Enid and Ponca City to avoid losing heavily subsidized air service. An annual federal subsidy of about \$1 million apiece aids each city, going to an airline that agrees to provide passenger service. It's part of the "Essential Air Service" program, and it costs taxpayers more than \$100 million per year.

In Ponca City, the subsidy is \$372.87 per passenger, and it still attracts barely 2,600 fliers per year (six people a day) — far below the projection that 8,860 people would use the service. For Enid, it's a subsidy of \$245.49 per passenger, attracting 3,981 travelers per year (seven people a day), way below the projection of 8,927 passengers.

They've received cancellation notices from the U.S. Department of Transportation, to end their eligibility for Essential Air Service, because federal law dictates that the maximum permitted subsidy is \$200 per trip. That's generous, but it doesn't generate business. Now, each city is looking at using tens of thousands of local dollars to advertise and market the program, trying to persuade Oklahomans to fly to and from those cities, so that federal taxpayers will continue to subsidize those flights! There has to be a better way to meet our transportation needs.

As chairman of the House appropriations subcommittee that funds transportation, I'm not a fan of these subsidies. This money literally vanishes into the air, going to a private company that operates these flights, and leaving behind no permanent transportation improvements. These communities (and others) can be better helped by channeling our federal dollars into infrastructure that is permanent and benefits far more travelers. Ponca City and Enid (and other towns, too) might find their communities and their economic development would be helped more if the same \$1 million a year were channeled into improving their roads.

Similar stories are playing out all across the country, where communities have developed the belief that they won't have a future if they lose the Essential Air Service subsidy.

This program needs to be totally re-thought, but the politics of ending or reforming it are tough. In this year's transportation appropriations bill, I've set aside \$4 million for permanent infrastructure improvements in communities losing Essential Air Service, trying to make a transition away from these subsidies.

Until we focus on improving transportation, rather than subsidizing money-losing ventures, millions of our tax dollars will continue to literally vanish into thin air. Istook, R-Warr Acres, represents the 5th Congressional District in the House of Representatives.



OKLAHOMAN ARCHIVE Passengers board a Great Plains flight at Will Rogers World Airport last fall. The airline went bankrupt despite receiving \$40 million in taxpayer subsidies.